

**Public Chapter 390**

**SENATE BILL NO. 627**

**By Gilbert, Atchley, McNally**

Substituted for: House Bill No. 1395

By Tindell, Armstrong, Ritchie, Burchett, Dunn, Boyer, Bittle, Bowers

AN ACT To amend Tennessee Code Annotated, Title 9, Chapter 21, Part 1, to provide local governments with the means to finance certain unfunded pension liabilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-21-102, is amended by adding the language "general obligation bonds for certain unfunded pension obligations," after the language "public works projects,".

SECTION 2. Tennessee Code Annotated, Section 9-21-105, is amended by adding the following new subdivision (3) and by renumbering the subsequent subdivisions accordingly:

(3) "Certain unfunded pension obligations" means pension benefits for past service of employees of a local government whose employment results from such local government's assumption of governmental responsibilities of another local government; provided, however, such obligation shall be limited to the unfunded portion of the present value of benefits less present value of future normal costs as certified by the pension actuarial consultant of the local government.

SECTION 3. Tennessee Code Annotated, Title 9, Chapter 21, Part 1, is amended by adding a new section thereto as follows:

9-21-1\_\_\_\_. Any local government may issue general obligation bonds under parts 1 and 2 of this chapter for certain unfunded pension obligations if such is approved by the state funding board after receiving a recommendation by the state director of local finance.

SECTION 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.